

Abnormal gas consumption. A customer who is subject to disconnection for nonpayment of bill, and who has gas consumption which appears to the customer to be abnormally high, may request the utility to provide assistance in identifying the factors contributing to this usage pattern and to suggest remedial measures. The utility shall provide assistance by discussing patterns of gas usage which may be readily identifiable, suggesting that an energy audit be conducted, and identifying sources of energy conservation information and financial assistance which may be available to the customer.

i. Without the written 12-day notice, for failure of the customer to comply with the terms of a payment agreement, provided that:

(1) In the case of a customer owning or occupying a residential unit that will be affected by disconnection, the utility has made a diligent attempt, at least one day prior to disconnection, to contact the customer by telephone or in person to inform the customer of the pending disconnection and their rights and remedies; if an attempt at personal or telephone contact of a customer occupying a unit which a utility knows or should know is a rental unit has been unsuccessful, the landlord of the rental unit, if known, shall be contacted to determine if the customer is still in occupancy and, if so, their present location. The landlord shall also be informed of the date when service may be disconnected.

During the period November 1 to April 1, if the attempt at customer contact fails, the premises must be posted with a notice informing the customer of the pending disconnection and rights or remedies available to avoid disconnection at least one day prior to disconnection; if the disconnection will affect occupants of residential units leased from the customer, the premises of any building known by the utility to contain residential units affected by disconnection must be posted, at least two days prior to disconnection, with a notice informing any occupants of the date when service will be disconnected and the reasons therefor.

(2) The disconnection of a residential customer may take place only between the hours of 6 a.m. and 2 p.m. on a weekday and not on weekends or holidays. If a disconnected customer makes payment or other arrangements during normal business hours, or by 7 p.m. for utilities permitting such payment or other arrangements after normal business hours, all reasonable efforts shall be made to reconnect the customer that day. If a disconnected customer makes payment or other arrangements after 7 p.m., all reasonable efforts shall be made to reconnect the customer not later than 11 a.m. the next day. A disconnection may not take place where gas is used as the only source of space heating or to control or operate the only space heating equipment at the residence, on any day when the National Weather Service forecast for the following 24 hours covering the area in which the residence is located includes a forecast that the temperature will go below 20 degrees Fahrenheit. In any case where the utility has posted a disconnect notice in compliance with 19.4(15)“h”(3) but is precluded from disconnecting service because of a National Weather Service forecast, the utility may immediately proceed with appropriate disconnection procedures, without further notice, when the temperature in the area where the residence is located rises to above 20 degrees, unless the customer has paid in full the past due amount or is entitled to postponement of disconnection under some other provision of this rule.

(3) Disconnection of a residential customer shall be postponed if the discontinuance of service would present an especial danger to the health of the customer or any permanent resident of the premises. An especial danger to health is indicated if one appears to be seriously impaired and may, because of mental or physical problems, be unable to manage their own resources, carry out activities of daily living or protect oneself from neglect or hazardous situations without assistance from others. Indicators of an especial danger to health include but are not limited to: age, infirmity, or mental incapacitation; serious illness; physical disability, including blindness and limited mobility; and any other factual circumstances which indicate a severe or hazardous health situation. The utility may require written verification of the especial danger to health by a physician or a public health official, including the name of the person endangered, a statement that the person is a resident of the premises in question, the name, business address, and telephone number of the certifying party, the nature of the health danger and approximately how long the danger will continue. Initial verification by the verifying party may be by telephone if written verification is forwarded to the utility within five days.

Verification shall postpone disconnection for 30 days; however, the postponement may be extended for a renewal of the verification. In the event service is terminated within 14 days prior to verification of illness by or for a qualifying resident, service shall be restored to that residence if a proper verification is thereafter made in accordance with the foregoing provisions. The customer must pay the unpaid balance under the payment agreement within the first 30 days and keep the current account paid during the period that disconnection is postponed.

j. For failure of the customer to furnish such service equipment, permits, certificates, or rights of way necessary to serve said customer as shall have been specified by the utility as a condition to obtaining service, or in the event such equipment or permissions are withdrawn or terminated.

19.4(16) *Insufficient reasons for denying service.* The following shall not constitute sufficient cause for refusal of service to a present or prospective customer:

- a. Delinquency in payment for service by a previous occupant of the premises to be served.
- b. Failure to pay for merchandise purchased from the utility.
- c. Failure to pay for a different type or class of public utility service.
- d. Failure to pay the bill of another customer as guarantor thereof.
- e. Failure to pay back bill rendered in accordance with 19.4(13) "b" (Slow meters).
- f. Failure to pay adjusted bills based on the undercharges set forth in 19.4(13) "e."
- g. Failure of a residential customer to pay a deposit during the period November 1 through April 1 for the location at which he or she has been receiving service.
- h. Rescinded IAB 4/15/92, effective 5/20/92.

19.4(17) *When disconnection prohibited.* No disconnection may take place from November 1 through April 1 for a resident who is a head of household and who has been certified to the public utility by the local community action agency as being eligible for either the low-income home energy assistance program or weatherization assistance program. No disconnection shall take place from April 1, 2001, through May 1, 2001, for eligible residents.

19.4(18) *Change in character of service.* The following shall apply to a material change in the character of gas service:

- a. *Changes under the control of the utility.* The utility shall make such changes only with the approval of the board, and after adequate notice to the customers (see 19.7(6) "a").
- b. *Changes not under control of the utility or customer.* The utility shall adjust appliances to attain the proper combustion of the gas supplied. Due consideration shall be given to the gas heating value and specific gravity (see 19.7(6) "b").
- c. *Appliance adjustment charge.* The utility shall make any necessary adjustments to the customer's appliances without charge and shall conduct the adjustment program with a minimum of inconvenience to the customers.

19.4(19) *Customer complaints.* Each utility shall investigate promptly and thoroughly and keep a record of written complaints and all other reasonable complaints received by it from its customers in regard to safety, service, or rates, and the operation of its system as will enable it to review and analyze its procedures and actions. The record shall show the name and address of the complainant, the date and nature of the complaint, and its disposition and the date thereof. All complaints caused by a major outage or interruption shall be summarized in a single report.

- a. Each utility shall provide in its filed tariff a concise, fully informative procedure for the resolution of all customer complaints.
- b. The utility shall take reasonable steps to ensure that customers unable to travel shall not be denied the right to be heard.
- c. The final step in a complaint hearing and review procedure shall be a filing for board resolution of the issues.

This rule is intended to implement Iowa Code sections 476.2, 476.6, 476.8, 476.20 and 476.54.

199—19.5(476) Engineering practice.

19.5(1) Requirement for good engineering practice. The gas plant of the utility shall be constructed, installed, maintained and operated in accordance with accepted good engineering practice in the gas industry to assure, as far as reasonably possible, continuity of service, uniformity in the quality of service furnished, and the safety of persons and property.

19.5(2) Standards incorporated by reference.

a. The design, construction, operation, and maintenance of gas systems and liquefied natural gas facilities shall be in accordance with the following standards where applicable:

(1) 49 CFR Part 191, "Transportation of Natural and Other Gas by Pipeline; Annual Reports, Incident Reports, and Safety-Related Condition Reports," as amended through March 13, 2002.

(2) 49 CFR Part 192, "Transportation of Natural and Other Gas by Pipeline; Minimum Federal Safety Standards," as amended through March 13, 2002.

(3) 49 CFR Part 193, "Liquefied Natural Gas Facilities: Federal Safety Standards," as amended through March 13, 2002.

(4) 49 CFR Part 199, "Drug and Alcohol Testing," as amended through March 13, 2002.

(5) ASME B31.8 1999, "Gas Transmission and Distribution Piping Systems."

(6) ANSI/NFPA No. 59-2001, "Standard for the Storage and Handling of Liquefied Petroleum Gases at Utility Gas Plants."

b. The following publications are adopted as standards of accepted good practice for gas utilities:

(1) ANSI Z223.1/NFPA 54-1999, "National Fuel Gas Code."

(2) ANSI A225/NFPA 501A-2000, "Fire Safety Criteria for Manufactured Home Installations, Sites, and Communities."

19.5(3) Adequacy of gas supply. The gas supply regularly available from pipeline sources supplemented by production or storage capacity must be sufficiently large to meet all reasonable demands for firm gas service.

19.5(4) Gas transmission and distribution facilities. The utility's gas transmission and distribution facilities shall be designed, constructed and maintained as required to reliably perform the gas delivery burden placed upon them. Each utility shall be capable of emergency repair work on a scale consistent with its scope of operation and with the physical conditions of its transmission and distribution facilities.

In appraising the reliability of the utility's transmission and distribution system, the board will consider, as principal factors, the condition of the physical property and the size, training, supervision, availability, equipment and mobility of the maintenance forces.

19.5(5) Inspection of gas plant. Each utility shall adopt a program of inspection of its gas plant in order to determine the necessity for replacement and repair. The frequency of the various inspections shall be based on the utility's experience and accepted good practice. Each utility shall keep sufficient records to give evidence of compliance with its inspection program.

199—19.6(476) Metering.

19.6(1) Inspection and testing program. Each utility shall adopt a written program for the inspection and testing of its meters to determine the necessity for adjustment, replacement or repair. The frequency of inspection and methods of testing shall be based on the utility's experience, manufacturer's recommendations, and accepted good practice. The board considers the publications listed in 19.6(3) to be representative of accepted good practice. Each utility shall maintain inspection and testing records for each meter and associated device until three years after its retirement.

19.6(2) Program content. The written program shall, at minimum, address the following subject areas:

a. Classification of meters by capacity, type, and any other factor considered pertinent.

b. Checking of new meters for acceptable accuracy before being placed in service.

c. Testing of in-service meters, including any associated instruments or corrective devices, for accuracy, adjustments or repairs. This may be accomplished by periodic tests at specified intervals or on the basis of a statistical sampling plan, but shall include meters removed from service for any reason.

d. Periodic calibration or testing of devices or instruments used by the utility to test meters.

e. Leak testing of meters before return to service.

f. The limits of meter accuracy considered acceptable by the utility.

g. The nature of meter and meter test records maintained by the utility.

19.6(3) *Accepted good practice.* The following publications are considered to be representative of accepted good practice in matters of metering and meter testing:

a. American National Standard for Gas Displacement Meters (500 Cubic Feet Per Hour Capacity and Under), ANSI B109.1-2000.

b. American National Standard for Diaphragm Type Gas Displacement Meters (Over 500 Cubic Feet Per Hour Capacity), ANSI B109.2-2000.

c. American National Standard for Rotary Type Gas Displacement Meters, ANSI B109.3-2000.

d. Measurement of Gas Flow by Turbine Meters, ANSI/ASME MFC-4M-1997.

e. Orifice Metering of Natural Gas and Other Related Hydrocarbon Fluids, ANSI/API 2530-1991.

19.6(4) *Meter adjustment.* All meters and associated metering devices shall, when tested, be adjusted as closely as practicable to the condition of zero error.

19.6(5) *Request tests.* Upon request by a customer, a utility shall test the meter servicing that customer, except that such tests need not be made more frequently than once in 18 months.

A written report of the test results shall be mailed to the customer within ten days of the completed test and a record of each test shall be kept on file at the utility's office. The utility shall give the customer or a representative of the customer the opportunity to be present while the test is conducted.

If the test finds the meter is accurate within the limits accepted by the utility in its meter inspection and testing program, the utility may charge the customer \$25 or the cost of conducting the test, whichever is less. The customer shall be advised of any potential charge before the meter is removed for testing.

19.6(6) *Referee tests.* Upon written request by a customer or utility, the utilities board will conduct a referee test of a meter except that such tests need not be made more frequently than once in 18 months. The request shall be accompanied by a \$30 check or money order made payable to the utility.

Within 5 days of receipt of the written request and payment, the utilities board shall forward the deposit to the utility and notify the utility of the requirement for a test. The utility shall, within 30 days after notification of the request, schedule the date, time and place of the test with the board and customer. The meter shall not be removed or adjusted before the test and the utility shall furnish all testing equipment and facilities for the test. If the tested meter is found to be more than 2 percent fast or 2 percent slow the deposit will be returned to the party requesting the test and billing adjustments shall be made as required in 19.4(13). The board shall issue its report within 15 days after the test is conducted, with a copy to the customer and the utility.

199—19.7(476) Standards of quality of service.

19.7(1) Purity requirements. All gas supplied to customers shall be substantially free of impurities which may cause corrosion of mains or piping or from corrosive or harmful fumes when burned in a properly designed and adjusted burner.

19.7(2) Pressure limits. The maximum allowable operating pressure for a low-pressure distribution system shall not be so high as to cause the unsafe operation of any connected and properly adjusted low-pressure gas-burning equipment.

19.7(3) Adequacy for pressure. Each utility shall have a substantially accurate knowledge of the pressures inside its piping. Periodic pressure measurements shall be taken during periods of high demand at remote locations in distribution systems to determine the adequacy of service. Records of such measurements including the date, time, and location of the measurement shall be maintained not less than two years.

19.7(4) Standards for pressure measurements.

a. Secondary standards. Each utility shall own or have access to a dead weight tester. This instrument must be maintained in an accurate condition.

b. Working standards. Each utility must have water manometers, mercury manometers, laboratory quality indicating pressure gauges and field type dead weight pressure gauges as necessary for the proper testing of the indicating and recording pressure gauges used in determining the pressure on the utility's system. Working standards must be checked periodically by comparison with a secondary standard.

19.7(5) Handling of standards. Extreme care must be exercised in the handling of standards to ensure that their accuracy is not disturbed. Each standard shall be accompanied at all times by a certificate or calibration card, duly signed and dated, on which are recorded the corrections required to compensate for errors found at the customary test points at the time of the last previous test.

19.7(6) Heating value.

a. Awareness. Each utility shall have a substantially accurate knowledge of the heating value of the gas being delivered to customers at all times.

b. Natural and LP-gas. The heating value of natural gas and undiluted, commercially pure LP-gas shall be considered as being not under the control of the utility. The utility shall determine the allowable range of monthly average heating values within which its customers' appliances may be expected to function properly without repeated readjustment of the burners. If the monthly average heating value is above or below the limits of the allowable range for three successive months, the customers' appliances must be readjusted in accordance with 19.4(18)"c."

c. Peak shaving or other mixed gas. The heating value of gas in a distribution system which includes gas from LP or LNG peak shaving facilities, or gas from a source other than a pipeline supplier, shall be considered within the control of the utility. The average daily heating value of mixed gas shall be at least 95 percent of that normally delivered by the pipeline supplier. All mixed gas shall have a specific gravity of less than 1.000, and heating value shall not be so high as to cause improper operation of properly adjusted customer equipment.

d. Heating value determination and records. Unless acceptable heating value information is available for all periods from other sources, including the pipeline supplier, the utility shall provide and maintain equipment, or shall have a method of computation, by which the heating value of the gas in a distribution system can be accurately determined. The type, accuracy, operation and location of equipment, and the accuracy of computation methods, shall be in accordance with accepted industry practices and equipment manufacturer's recommendations and shall be subject to review by the board.

19.7(7) Interruptions of service.

- a. Each utility shall make reasonable efforts to avoid interruptions of service, but when interruptions occur, service shall be reestablished within the shortest time practicable, consistent with safety. Each utility shall maintain records for not less than two years of interruptions of service as defined in 19.1(3) and shall periodically review these records to determine steps to be taken to prevent recurrence.
- b. Planned interruptions shall be made at a time that will not cause unreasonable inconvenience to customers and shall be preceded by adequate notice to those who will be affected.

199—19.8(476) Safety.

19.8(1) Acceptable standards. As criteria of accepted good safety practice the board will use the applicable provisions of the standard listed in 19.5(2).

19.8(2) Protective measures. Each utility shall exercise reasonable care to reduce hazards inherent in connection with utility service to which its employees, its customers, and the general public may be subjected and shall adopt and execute a safety program designed to protect the public, fitted to the size and type of its operations. The utility shall give reasonable assistance to the board in the investigation of the cause of accidents and in the determination of suitable means of preventing accidents. Each utility shall maintain a summary of all reportable accidents arising from its operations.

19.8(3) Turning on gas. Each utility upon the installation of a meter and turning on gas or the act of turning on gas alone shall take the necessary steps to assure itself that there exists no flow of gas through the meter which is a warning that the customer's piping or appliances are not safe for gas turn on (Ref: Sec. 4.2 and Appendix D, ANSI Z223.1/NFPA 54-1999).

19.8(4) Gas leaks. A report of a gas leak shall be considered as an emergency requiring immediate attention.

19.8(5) Odorization. Any gas distributed to customers through gas mains or gas services or used for domestic purposes in compressor plants, which does not naturally possess a distinctive odor to the extent that its presence in the atmosphere is readily detectable at all gas concentrations of one-fifth of the lower explosive limit and above, shall have an odorant added to it to make it so detectable. Odorization is not necessary, however, for such gas as is delivered for further processing or use where the odorant would serve no useful purpose as a warning agent. Suitable tests must be made to determine whether the odor meets the standards of subrule 19.5(2). Prompt remedial action shall be taken if odorization levels do not meet the prescribed limits for detectability.

199—19.9(476) Energy conservation strategies.

19.9(1) Coverage. Standards for energy conservation strategies shall apply to all rate- and service-regulated gas utilities in Iowa. Nothing in this rule subjects the rates of municipal utilities to the regulatory authority of the board.

19.9(2) Load management techniques. Each rate- or service-regulated gas utility shall offer to its customers load management techniques that are determined by the board to:

- a. Be reliable,
- b. Provide useful energy or capacity management advantages to the gas utility, and
- c. Be practicable and cost-effective. The technique is cost-effective if it is likely to reduce maximum demand on the utility, and the long-run cost-savings to the utility to the reduction are likely to exceed the long-run costs to the utility associated with implementation of the technique.

19.9(3) Other energy conservation strategies. Each rate-regulated gas utility shall offer to its consumers other energy conservation strategies that are determined by the board to:

- a. Be reliable,
- b. Provide useful energy conservation advantages to utilities, and

c. Be practicable and cost-effective. The strategy is cost-effective if long-run cost savings to the utility of the energy conservation strategy are likely to exceed the long-run costs to the utility associated with implementation of the strategy.

19.9(4) Pilot projects. The commission may initiate programs related to these standards as pilot projects to accumulate sufficient data to determine if the programs meet the requirements of this rule.

Pilot projects approved by the board may include as participants all or part of any existing customer class or classes. Customers may volunteer to participate in pilot projects.

Only if necessary to ensure the validity or success of a pilot project, and if approved by the board, the pilot project may be made mandatory for all or part of any existing customer class or classes. In these cases, the participants shall be selected on a reasonable and nondiscriminatory basis, from all or part of those customers. Where participation in a pilot project is mandatory, participants shall be given notice as required in Iowa Code section 476.6, shall be provided with an opportunity to contest the reasonableness of the proposed energy conservation strategy or load management technique, or the propriety of the selection process, and shall be allowed to request an exemption from participation based on individual hardship.

19.9(5) New structure energy conservation standards. Each utility providing gas service shall not provide such service to any structure completed after April 1, 1984, unless the owner or builder of the structure has certified to the utility that the building conforms to the energy conservation requirements adopted under Iowa Administrative Code 661—16.801(103A) and 16.802(103A). If this compliance is already being certified to a state or local agency, a copy of that certification shall be provided to the utility. If no state or local agency is monitoring compliance with these energy conservation standards, the owner or builder shall certify that the structure complies with the standards by signing a form provided by the utility. No certification will be required for structures that are not heated or cooled by gas service, or are not intended primarily for human occupancy.

This rule is intended to implement Iowa Code sections 476.1 and 476.2.

199—19.10(476) Purchased gas adjustment (PGA).

19.10(1) Purchased gas adjustment clause. Purchased gas adjustments shall be computed separately for each customer classification or grouping previously approved by the board. Purchased gas adjustments shall use the same unit of measure as the utility's tariffed rates. Purchased gas adjustments shall be calculated using factors filed in annual or periodic filings according to the following formula:

$$PGA = \frac{(C \times Rc) + (D \times Rd) + (N \times Rn) + (Z \times Rz)}{S} + Rb + E - K$$

PGA is the purchased gas adjustment per unit.

S is the anticipated yearly gas commodity sales volume for each customer classification or grouping.

C is the volume of applicable commodity purchased or transported for each customer classification or grouping required to meet sales, S, plus the expected lost and unaccounted for volumes.

Rc is the weighted average of applicable commodity prices or rates to be in effect September 1 corresponding to purchases C.

D is the total volume of applicable gas or transportation demand purchases required to meet sales, S, for each customer classification or grouping.

Rd is the weighted average of applicable demand rates to be in effect September 1 corresponding to purchases D.

N is the total quantity of applicable annual entitlement to meet sales, S, for each customer classification or grouping.

Rn is the weighted average of applicable entitlement rates to be in effect September 1 corresponding to annual entitlement quantity N.

Z is the total quantity of applicable storage service purchases required to meet sales, S, for each customer classification or grouping.

Rz is the weighted average of applicable storage service rates to be in effect September 1 corresponding to purchases Z.

Rb is the adjusted amount necessary to obtain the anticipated balance for the remaining PGA year calculated by taking the anticipated PGA balance divided by the forecasted volumes for the months of October through August of the PGA year.

E is the per unit overcollection or undercollection adjustment as calculated under subrule 19.10(7).

K is the base cost of gas as set forth in the utility's tariff.

The components of the formula shall be determined as follows for each grouping:

a. The actual sales volumes S for the prior 12-month period ending June 30, with the necessary degree day adjustments, and further adjustments approved by the board.

Unless a utility receives prior board approval to use another methodology, a utility shall use the same weather normalization methodology used in prior approved PGA and rate case.

b. The annual expected lost and unaccounted for factors shall be calculated by determining the actual difference between sales and purchases for the prior PGA year but in no case will this factor be less than 0.

c. The purchases C, D, N and Z which will be necessary to meet requirements as determined in 19.10(1).

d. The calculation of the rate factors Rc, Rd, Rn and Rz, to be in effect September 1, shall be exclusive of past take-or-pay charges, which may be recovered pursuant to subrule 19.10(5).

The purchased gas adjustments shall be adjusted prospectively to reflect the final decision issued by the board in an annual review proceeding.

19.10(2) Annual purchased gas adjustment filing. Each rate-regulated utility shall file on or before August 1 of each year, for the board's approval, a purchased gas adjustment for the 12-month period beginning September 1 of that year.

The annual filing shall restate each factor of the formula stated in subrule 19.10(1).

The annual filing shall be based on customer classifications and groupings previously approved by the board unless new classifications or groupings are proposed.

The annual filing shall include all worksheets and detailed supporting data used to determine the purchased gas adjustment volumes and factors including sales and purchase data from bills, invoices, internal reports and supplier and customer contracts. Information already on file with the board may be incorporated by reference in the filing.

19.10(3) Periodic changes to purchased gas adjustment clause. Periodic purchased gas adjustment filings shall be based on the purchased gas adjustment customer classifications and groupings previously approved by the board. Changes in the customer classification and grouping on file are not automatic and require prior approval by the board.

Periodic filings shall include all worksheets and detailed supporting data used to determine the amount of the adjustment.

Changes in factors S or C may not be made in periodic purchased gas filings except to recognize changes between pipeline and nonpipeline purchases. A change in factors D, N, or Z may be made in periodic filings and will be deemed approved if it conforms to the annual purchased gas filing or if it conforms to the principles set out in 19.10(5) and 19.10(6).

The utility shall implement automatically all purchased gas adjustment changes which result from changes in Rc, Rd, Rn, or Rz equal to or greater than .5 cents per ccf or therm immediately with concurrent board notification with adequate information to calculate and support the change. Purchased gas adjustment changes of less than .5 cents per ccf or therm shall be required with concurrent board notification if the last purchased gas adjustment change occurred 30 days or more prior to the change. The purchased gas adjustment shall be calculated separately for each customer classification or grouping.

Unless otherwise ordered by the board, a rate-regulated utility's purchased gas adjustment rate factors shall be adjusted as purchased gas costs change and shall recover from the customers only the actual costs of purchased gas and other currently incurred charges associated with the delivery, inventory or reservation of natural gas. Such periodic changes shall become effective with usage on or after the date of change.

If a supplier's entitlement charge is zero, the same percentage of current demand charges shall be allocated to each customer class or grouping as the average of demand charges allocated during the last 12-month period for which entitlement rates were not zero. "Current demand charges" means the amount $(D \times Rd)$ used in computing the formula set out in 19.10(1).

19.10(4) Factor Rb. Starting with the 1993-1994 PGA year, each company has the option of filing an Rb calculation with its October-January PGA filings but will be required to file an Rb calculation with its February filing and subsequent monthly filings in the PGA year. If anticipated revenues exceed or fall short of anticipated costs by more than one-half of 1 percent, the PGA adjustment necessary to obtain the anticipated balance shall constitute the amount to be reflected as factor Rb in the PGA calculation. The adjustment shall be for services rendered in the remaining months of the same PGA year unless a subsequent determination under this paragraph requires a change. If the anticipated PGA balance represents costs in excess of revenues, factor Rb shall be assigned a positive value; if the anticipated balance represents revenues in excess of costs, factor Rb shall be assigned a negative value.

19.10(5) Take-or-pay adjustment.

a. Pipeline supplier charges to the utility based upon take-or-pay payments or settlements may be recovered from customers through a separate adjustment. This excludes those charges allocated by the pipeline on a total through-put basis and billed to the utility as part of the commodity costs and to the transportation customers as part of the transportation rate. The take-or-pay adjustment shall be separately calculated for each supplying pipeline.

b. The adjustment shall be applicable to all gas sales commodity volumes and to all gas transportation commodity volumes.

c. The calculation for the take-or-pay adjustment shall be according to the following formula:

$$TPA = \frac{P}{(St + T)}$$

TPA is the take-or-pay adjustment per unit of anticipated gas sales and transportation commodity volumes. The board will determine for each company whether the TPA will be set on a total company basis or by customer class.

P is the total amount of annualized take-or-pay charges allowed by the board for all groupings or customer classifications as determined in 19.10(5) "a."

St is the total anticipated yearly gas sales commodity volumes of all groupings or customer classifications as determined in 19.10(1).

T is the total anticipated yearly gas transportation commodity volumes based upon the prior 12-month period ending June 30 plus such additional gas commodity volumes as may be expected to be transported based upon transportation contracts or agreements executed prior to September 1.

The take-or-pay adjustment formula, $TPA = P/(St + T)$, shall include an E factor where E will be the per-unit overcollection or undercollection adjustment as calculated under subrule 19.10(7).

The take-or-pay adjustment formula, $TPA = P/(St + T)$, may include an Rb factor where Rb is the adjusted amount necessary to obtain the anticipated balance for the remaining PGA year, calculated by taking the anticipated TPA balance divided by the remaining anticipated gas sales (St) and transportation (T) commodity volumes for the PGA year.

d. The TPA may be added to the PGA for purposes of billing for all groupings or customer classifications to which a PGA is applied and shall be billed as a separate line item for customers utilizing transportation service pursuant to transportation tariffs approved by and on file with the board.

e. The TPA shall be filed by August 1 concurrent with the rate-regulated utilities annual PGA filing pursuant to 19.10(1) and may be adjusted as part of the periodic filings pursuant to 19.10(1) "a."

f. The TPA filing shall include all worksheets and detailed supporting data adequate to support a determination of the amount of actual pipeline take-or-pay charges for the 12-month period ending June 30 to be recovered by the TPA.

19.10(6) *Allocations of changes in contract demand obligations.* Any change in contractual demand obligations to pipelines or other gas suppliers serving Iowa must be reported to the board within 30 days of receipt. The change must be applied on a pro-rata basis to all customer classifications or groupings, unless another method has been approved by the board. Where a change has been granted as a result of the utility's request based on the needs of specified customers, that change may be allocated to the specified customers. Where the board has approved anticipated sales levels for one or more customer classifications or groupings, those levels may limit the pro-rata reduction for those classifications or groupings.

19.10(7) *Reconciliation of underbillings and overbillings.* The utility shall file with the board on or before October 1 of each year a purchased gas adjustment reconciliation for the 12-month period which began on September 1 of the previous year. This reconciliation shall be the actual net invoiced costs of purchased gas less the actual revenue billed through its purchased gas adjustment clause net of the prior year's reconciliation dollars for each customer classification or grouping. Actual net costs for purchased gas shall be the applicable invoice costs from all appropriate sources associated with the time period of usage.

Negative differences in the reconciliation shall be considered overbilling by the utility and positive differences shall be considered underbilling. This reconciliation shall be filed with all worksheets and detailed supporting data for each particular purchased gas adjustment clause. Penalty purchases shall only be includable where the utility clearly demonstrates a net savings.

The take-or-pay reconciliation shall be the actual net invoiced costs of take-or-pay less the actual revenue billed through its take-or-pay factors for each customer class or grouping. Actual net costs for take-or-pay shall be the applicable invoice costs from all appropriate sources associated with the time period of usage.

a. Any underbilling determined from the reconciliation shall be collected through ten-month adjustments to the appropriate purchased gas adjustment. The underbilling generated from each purchased gas adjustment clause shall be divided by the anticipated sales volumes for the prospective ten-month period beginning November 1 (based upon the sales determination in subrule 19.10(1)).

The quotient, determined on the same basis as the utility's tariff rates, shall be added to the purchased gas adjustment for the prospective ten-month period beginning November 1.

Any underbillings determined from the take-or-pay reconciliation shall be collected through ten-month adjustments to appropriate take-or-pay adjustment. The underbilling shall be divided by the anticipated sales volumes or transport volumes for the prospective ten-month period beginning November 1 (based upon the volumes determined in subrule 19.10(5)).

The quotient, determined on the same basis as the utility's tariff rates, shall be added to the take-or-pay factor for the prospective ten-month period beginning November 1.

b. Any overbilling determined from the reconciliation shall be refunded to the customer classification or PGA grouping from which it was generated. The overbilling shall be divided by the annual cost of purchased gas subject to recovery for the 12-month period which began the prior September 1 for each purchased gas adjustment clause and applied as follows:

(1) If the net overbilling from the purchased gas adjustment reconciliation exceeds 3 percent of the annual cost of purchased gas subject to recovery for a specific PGA grouping, the utility shall refund the overbilling by bill credit or check for the time period beginning November 1 of the current year to the date of refunding. The minimum amount to be refunded by check shall be \$10. Interest shall be calculated on amounts exceeding 3 percent from the PGA year midpoint to the date of refunding. The interest rate shall be the commercial paper rate (90-day, high-grade unsecured notes) quoted in the "Money Rates" section of the Wall Street Journal on the last working day of August of the current year.

(2) If the net overbilling from the purchased gas adjustment reconciliation does not exceed 3 percent of the annual cost of purchased gas subject to recovery for a specific PGA grouping, the utility may refund the overbilling by bill credit or check for the time period beginning November 1 of the current year to the date of refunding, or the utility may refund the overbilling through ten-month adjustments to the particular purchased gas adjustment from which they were generated. The minimum amount to be refunded by check shall be \$10. This adjustment shall be determined by dividing the overcollection by the anticipated sales volume for the prospective ten-month period beginning November 1 as determined in subrule 19.10(1) for the applicable purchased gas adjustment clause. The quotient, determined on the same basis as the utility's tariff rates, shall be a reduction to that particular purchased gas adjustment for the prospective ten-month period beginning November 1.

c. Any overbilling determined from the reconciliation of a TPA shall be refunded to the customer classification or TPA grouping from which it was generated. The 3 percent refund rule described in subparagraphs 19.10(7)"b"(1) and (2) shall also apply to the take-or-pay reconciliation. The overbilling shall be divided by the anticipated sales volumes or transport volumes for the prospective ten-month period beginning November 1 (based upon the volumes determined in subrule 19.10(5)). The quotient, determined on the same basis as the utility's tariff rates, shall be a reduction to that particular take-or-pay adjustment for the prospective ten-month period beginning November 1.

d. If the 3 percent refund rule described in subparagraph 19.10(7)"b"(1) requires an immediate refund for either the PGA or the TPA, the reconciliation results of the two adjustments may be netted. The volumes involved with the PGA and TPA must be the same. The 3 percent refund rule described in subparagraphs 19.10(7)"b"(1) and (2) shall also apply to the netted PGA and TPA reconciliation results. The quotient, determined on the same basis as the utility's tariff rates, shall be a reduction to that particular netted purchased gas adjustment and take-or-pay adjustment for the prospective ten-month period beginning November 1.

e. When a customer has reduced or terminated system supply service and is receiving transportation service, any liability for overcollections and undercollections shall be determined in accordance with the utility's gas transportation tariff.

19.10(8) Refunds from gas suppliers.

a. The utility shall refund to customers by bill credit or check an amount equal to any refund received from a supplier, plus accrued interest, if the refund exceeds \$5 per average residential customer under the applicable PGA clause. The utility may retain undistributed refund amounts in special refund retention accounts for each customer classification under the applicable PGA clause until such time as additional refund obligations or interest cause the average residential customer refund to exceed \$5. Any obligations remaining in the retention accounts on September 1 shall become a part of the annual PGA reconciliation.

Within 30 days of receipt of a refund from a supplier, the utility shall file with the board the following information:

- (1) A statement of reason for the refund.
 - (2) The amount of the refund with support for the amount.
 - (3) The balance of the appropriate refund retention accounts.
 - (4) The amount due under each purchased gas adjustment clause.
- b. If the supplier refund will result in a refund distribution, the utility shall also file within 30

days:

- (1) The intended period of the refund distribution.
- (2) The estimated interest accrued for each supplier refund through the proposed refund period, with complete interest calculations and supporting data as determined in 19.10(8)“e.”
- (3) The total amount to be refunded, the amount to be refunded per customer classification or PGA grouping, and the refund per ccf or therm.

c. Within 30 days of receipt of a refund from a supplier which will result in a refund retention, the utility shall also file with the board for its approval a refund retention report which shall include the following information:

- (1) The estimated interest accrued for each refund received and for each amount in the refund retention accounts through the date of the filing with complete interest calculation and support as determined in 19.10(8)“e.”

- (2) The total amount to be retained, the amount to be retained per customer class or PGA grouping, and the level per ccf or therm.

- (3) The calculations demonstrating the retained balance is less than \$5 per average residential customer with supporting schedules for all factors used.

d. The refund to each customer shall be determined by dividing the amount in the appropriate refund retention account, including interest, by the total ccf or therm of system gas consumed by affected customers during the period for which the refundable amounts are applicable and multiplying the quotient by the ccf or therms of system supply gas actually consumed by the customer during the appropriate period. The utility may use the last available 12-month period if the use of the actual period generating the refund is impractical. The utility shall file complete support documentation for all figures used.

e. The interest rate on refunds distributed under this subrule, compounded annually, shall be the commercial paper rate (90-day, high-grade unsecured notes) quoted in the “Money Rates” section of the Wall Street Journal on the day the refund obligation vests. Interest shall accrue from the date the rate-regulated utility receives the refund or billing from the supplier or the midpoint of the first month of overcollection to the date the refund is distributed to customers.

f. The rate-regulated utility shall make a reasonable effort to forward refunds, by check, to eligible recipients who are no longer customers.

g. The minimum amount to be refunded by check shall be \$1.

This rule is intended to implement Iowa Code section 476.6(11).

199—19.11(476) Periodic review of gas procurement practices [476.6(15)].

19.11(1) Procurement plan. The board shall periodically conduct a contested case proceeding for the purpose of evaluating the reasonableness and prudence of a rate-regulated public utility’s natural gas procurement and contracting practices. The board shall provide the utilities 90 days’ notice of the requirement to file a procurement plan. In the years in which the board does not conduct a contested case proceeding, the board may require the utilities to file certain information for the board’s review. In years in which the board conducts a full proceeding, a rate-regulated utility shall file prepared direct testimony and exhibits in support of a detailed 12-month plan and a 3-year natural gas procurement plan. A utility’s procurement plan shall be organized as follows and shall include:

- a. An index of all documents and information filed in the plan and identification of the board files in which documents incorporated by reference are located.

- b.* All contracts and gas supply arrangements executed or in effect for obtaining gas and all supply arrangements planned for the future 12-month and 3-year periods.
- c.* An organizational description of the officer or division responsible for gas procurement and a summary of operating procedures and policies for procuring and evaluating gas contracts.
- d.* A summary of the legal and regulatory actions taken to minimize purchased gas costs.
- e.* All studies or investigation reports considered in gas purchase contract or arrangement decisions during the plan periods.
- f.* A complete list of all contracts executed since the last procurement review.
- g.* A list of other unbundled services available (for example, storage services if offered).
- h.* A description of the supply options selected and an evaluation of the reasonableness and prudence of its decisions. This evaluation should show the relationship between forecast and procurement.

19.11(2) *Gas requirement forecast.* Rescinded IAB 4/3/91, effective 3/15/91.

19.11(3) *Annual review proceeding.* Rescinded IAB 2/9/00, effective 3/15/00.

19.11(4) *Evaluation of the plan.* The burden shall be on the utility to prove it is taking all reasonable actions to minimize its purchased gas costs. The board will evaluate the reasonableness and prudence of the gas procurement plan.

19.11(5) *Disallowance of costs.* The board shall disallow any purchased gas costs in excess of costs incurred under responsible and prudent policies and practices. The PGA factor shall be adjusted prospectively to reflect the disallowance.

This rule is intended to implement Iowa Code section 476.6(15).

199—19.12(476) Flexible rates.

19.12(1) *Purpose.* This subrule is intended to allow gas utility companies to offer, at their option, incentive or discount rates to their sales and transportation customers.

19.12(2) *General criteria.*

a. Natural gas utility companies may offer discounts to individual customers, to selected groups of customers, or to an entire class of customer. However, discounted rates must be offered to all directly competing customers in the same service territory. Customers are direct competitors if they make the same end product (or offer the same service) for the same general group of customers. Customers that only produce component parts of the same end product are not directly competing customers.

b. In deciding whether to offer a specific discount, the utility shall evaluate the individual customer's, group's, or class's situation and perform a cost-benefit analysis before offering the discount.

c. Any discount offered should be such as to significantly affect the customer's or customers' decision to stay on the system or to increase consumption.

d. The consequences of offering the discount should be beneficial to all customers and to the utility. Other customers should not be at risk of loss as a result of these discounts; in addition, the offering of discounts shall in no way lead to subsidization of the discounted rates by other customers in the same or different classes.

19.12(3) *Tariff requirements.* If a company elects to offer flexible rates, the utility shall file for review and approval tariff sheets specifying the general conditions for offering discounted rates. The tariff sheets shall include, at a minimum, the following criteria:

a. The cost-benefit analysis must demonstrate that offering the discount will be more beneficial than not offering the discount.

b. The ceiling for all discounted rates shall be the approved rate on file for the customer's rate class.

c. The floor for the discount sales rates shall be equal to the cost of gas. Therefore, the maximum discount allowed under the sales or transportation tariffs is equal to the nongas costs of serving the customer.

d. No discount shall be offered for a period longer than five years, unless the board determines upon good cause shown that a longer period is warranted.

e. Discounts should not be offered if they will encourage deterioration in the load characteristics of the customer receiving the discount.

f. Customer charges may be discounted.

19.12(4) *Reporting requirements.* Each natural gas utility electing to offer flexible rates shall file semiannual reports with the board within 30 days of the end of each six months. Reports shall include the following information:

a. Section 1 of the report will concern discounts initiated in the last six months. For all discounts initiated in the last six months, the report shall include:

- (1) The identity of the new customers (by account number, if necessary);
- (2) The value of the discount offered;
- (3) The cost-benefit analysis results;
- (4) The cost of alternate fuels available to the customer, if relevant;
- (5) The volume of gas sold to or transported for the customer in the preceding six months; and
- (6) A copy of all new or revised flexible rate contracts executed between the utility and its customers.

b. Section 2 of the report relates to overall program evaluation. For all discounts currently being offered, the report shall include:

- (1) The identity of each customer (by account number, if necessary);
- (2) The total volume of gas sold or transported in the last six months to each customer at discounted rates, by month;
- (3) The volume of gas sold or transported to each customer in the same six months of the preceding year, by month;
- (4) The dollar value of the discount in the last six months to each customer, by month;
- (5) The dollar value of volumes sold or transported to each customer for each of the previous 12 months; and
- (6) If customer charges are discounted, the dollar value of the discount shall be separately reported.

c. Section 3 of the report concerns discounts denied or discounts terminated. For all customers specifically evaluated and denied or having a discount terminated in the last six months, the report shall include:

- (1) Customer identification (by account number, if necessary);
- (2) The volume of gas sold or transported in the last six months to each customer, by month;
- (3) The volume of gas sold or transported to each customer in the same six months of the preceding year, by month; and
- (4) The dollar value of volumes sold or transported to each customer for each of the past 12 months.

d. No report is required if the utility had no customers receiving a discount during the relevant period and had no customers which were evaluated for the discount and rejected during the relevant period.

19.12(5) *Rate case treatment.* In a rate case, 50 percent of any identifiable increase in net revenues will be used to reduce rates for all customers; the remaining 50 percent of the identifiable increase in net revenues may be kept by the utility. If there is a decrease in revenues due to the discount, the utility's test year revenues will be adjusted to remove the effects of the discount by assuming that all sales or transportation services or customer charges were provided at full tariffed rate for the customer class. Determining the actual amount will be a factual determination to be made in the rate case.

199—19.13(476) Transportation service.

19.13(1) *Purpose.* This subrule requires gas distribution utility companies to transport natural gas owned by an end-user on a nondiscriminatory basis, subject to the capacity limitations of the specific system. System capacity is defined as the maximum flow of gas the relevant portion of the system is capable of handling. Capacity availability shall be determined using the total current firm gas flow, including both system and transportation gas.

19.13(2) *End-user rights.* The end-user purchasing transportation services from the utility shall have the following rights and be subject to the following conditions:

a. The end-user shall have the right to receive, pursuant to agreement, 100 percent of the gas delivered by it or on its behalf to the transporting utility (adjusted for a reasonable volume of lost, unaccounted-for, and company-used gas).

b. The volumes which the end-user is entitled to receive shall be subject to curtailment or interruption due to limitations in the system capacity of the transporting utility. Curtailment of the transportation volumes will take place according to the priority class, subdivision, or category which the end-user would have been assigned if it were purchasing gas from the transporting utility.

c. During periods of curtailment or interruption, the party is entitled to a credit equal to the difference between the volumes delivered to the utility and those received by the end-user, adjusted for lost, unaccounted-for, and company-used gas. The credit shall be available at any time, within the conditions of the agreement.

d. The end-user shall be responsible for all costs associated with any additional plant required for providing transportation services to the end-user.

19.13(3) *Transportation service charges.* Transportation service shall be offered to at least the following classes:

- a. Interruptible service with system supply reserve.
- b. Interruptible service without system supply reserve.
- c. Firm service with system supply reserve.
- d. Firm service without system supply reserve.

19.13(4) *Transportation service charges and rates.* All rates and charges for transportation shall be based on the cost of providing the service.

a. "System supply reserve" service shall entitle the end-user to return to the system service to the extent of the capacity purchased. The charge shall be at least equal to the administrative costs of monitoring the service, plus any other costs (including but not limited to gas demand costs which are directly assignable to the end-user).

b. End-users without system supply reserve service may only return to system service by paying an additional charge and are subject to the availability of adequate system capacity. An end-user wishing to receive transportation service without system supply reserve must pay the utility for the discounted value of any contract between the utility and the end-user remaining in effect at the time of beginning transportation service. The discounted values shall include all directly assignable and identifiable costs (including but not limited to gas costs).

c. The utility shall require a reconnection charge when an end-user receiving transportation service without system supply reserve service requests to return to the system supply. The end-user shall return to the system and receive service under the appropriate classification as determined by the utility.

d. The end-user electing to receive transportation service shall pay reasonable rates for any use of the facilities, equipment, or services of the transporting utility.

e. Small volume transportation service. On or before February 1, 1999, each utility shall file transportation tariffs which reflect the following:

(1) Administrative fees shall be no higher than customer charges;

(2) Telemetering, daily metering, and daily balancing requirements shall not be required unless a utility demonstrates to the board that the particular customer's potential imbalances could affect the integrity of the system;

(3) Means of resolving monthly imbalances shall be described;

(4) Rates, terms, and conditions for marketer's use of the utility's pipeline capacity and storage shall be provided;

(5) Billing arrangements may be negotiated between marketer, utility, and customer. A customer may select from the following three billing patterns: single billing from the marketer with reimbursement of tariff rates to the utility; single billing from the utility which includes the marketer's gas cost; or separate billing by the marketer for gas supply and by the utility for transportation.

f. Optional plan filing. Instead of filing the tariffs required by paragraph 19.13(4) "e," a utility may submit for the board's consideration a plan which sets out specific provisions for implementing transportation service for small volume customers. On or before September 1, 1998, a utility electing this option must file a notice of intent to submit a plan. A utility's plan must, at a minimum, address the following issues:

(1) Customer education;

(2) Load aggregation;

(3) Transition costs;

(4) Code of conduct—affiliates of regulated utility;

(5) Code of conduct—marketer participants;

(6) Obligation to serve;

(7) Social programs;

(8) Uncollectibles;

(9) Customer minimums for participation;

(10) Customer switching;

(11) Telemetering and daily metering;

(12) Balancing;

(13) Rates, terms, and conditions for marketer use of pipeline capacity and storage;

(14) Billing.

19.13(5) Reporting requirements. A natural gas utility shall file with the board two copies of each transportation contract entered into within 30 days of the date of execution. The utility may delete any information identifying the end-user and replace it with an identification number. The utility shall promptly supply the deleted information if requested by the board staff. The deleted information may be filed with a request for confidentiality, pursuant to 199 Iowa Administrative Code rule 1.9(22).

19.13(6) Written notice of risks. The utility must notify its large volume users as defined in 19.14(1) contracting for transportation service in writing that unless the customer buys system supply reserve service from the utility, the utility is not obligated to supply gas to the customer. The notice must also advise the large volume user of the nature of any identifiable penalties, any administrative or reconnection costs associated with purchasing available firm or interruptible gas, and how any available gas would be priced by the utility. The notice may be provided through a contract provision or separate written instrument. The large volume user must acknowledge in writing that it has been made aware of the risks and accepts the risks.

199—19.14(476) Certification of competitive natural gas providers and aggregators.

19.14(1) Definitions. The following words and terms, when used in these rules, shall have the meanings indicated below:

“Competitive natural gas provider” or *“CNGP”* means a person who takes title to natural gas and sells it for consumption by a retail end user in the state of Iowa, and it also means an aggregator as defined in Iowa Code section 476.86. CNGP includes an affiliate of an Iowa public utility. CNGP excludes the following:

1. A public utility which is subject to rate regulation under Iowa Code chapter 476.
2. A municipally owned utility which provides natural gas service within its incorporated area or within the municipal natural gas competitive service area, as defined in Iowa Code section 437A.3(21) “a”(1), in which the municipally owned utility is located.

“Competitive natural gas services” means natural gas sold at retail in this state excluding the sale of natural gas by a rate-regulated public utility or a municipally owned utility as provided in the definition of CNGP in 19.14(1).

“Large volume user” means any end user whose usage exceeds 25,000 therms in any month or 100,000 therms in any consecutive 12-month period.

“Small volume user” means any end user whose usage does not exceed 25,000 therms in any month and does not exceed 100,000 therms in any consecutive 12-month period.

19.14(2) General requirement to obtain certificate. A CNGP shall not provide competitive natural gas services to an Iowa retail end user without a certificate approved by the board pursuant to Iowa Code section 476.87. An exception to this requirement is a CNGP that has provided service to retail customers before April 25, 2001. A CNGP subject to this exception shall file for a certificate under the provisions of this rule on or before June 1, 2001, to continue providing service pending the approval of the certificate.

19.14(3) Filing requirements and application process. Applications shall be made in the format and contain all of the information required in 199—subrule 2.2(18). Applications must be filed with the executive secretary at Iowa Utilities Board, 350 Maple Street, Des Moines, Iowa 50319-0069. An original and ten copies must be filed. An application fee of \$125 must be included with the application to cover the administrative costs of accepting and processing a filing. In addition, each applicant will be billed an hourly rate for actual time spent by the board reviewing the application. Iowa Code section 476.87(3) requires the board to allocate the costs and expenses reasonably attributable to certification and dispute resolution to applicants and participants to the proceeding.

An applicant shall notify the board during the pendency of the certification request of any material change in the representations and commitments required by this subrule within 14 days of such change. Any new legal actions or formal complaints as identified in 199 IAC 2.2(18), numbered paragraph “4,” are considered material changes in the request. Once certified, CNGPs shall notify the board of any material change in the representations and commitments required for certification within 14 days of such change.

19.14(4) *Deficiencies and board determination.* The board shall act on a certification application within 90 days unless it determines an additional 60 days is necessary. Applications will be considered complete and the 90-day period will commence when all required items are submitted. Applicants will be notified of deficiencies and given 30 days to complete applications. Applicants will be notified when their application is complete and the 90-day period commences.

19.14(5) *Conditions of certification.* CNGPs shall comply with the conditions set out in this subrule. Failure to comply with the conditions of certification may result in revocation of the certificate.

a. Unauthorized charges. A CNGP shall not charge or attempt to collect any charges from end users for any competitive natural gas services or equipment used in providing competitive natural gas services not contracted for or otherwise agreed to by the end user.

b. Notification of emergencies. Upon receipt of information from an end user of the existence of an emergency situation with respect to delivery service, a CNGP shall immediately contact the appropriate public utility whose facilities may be involved. The CNGP shall also provide the end user with the emergency telephone number of the public utility.

c. Reports to the board. Each CNGP shall file a report with the board on April 1 of each year for the 12-month period ending December 31 of the previous year. This information may be filed with a request for confidentiality, pursuant to 199—subrule 1.9(6). For each utility distribution system, the report shall contain the following information for its Iowa operations:

- (1) The average number of small volume end users served per month.
- (2) The average number of large volume end users served per month.
- (3) The total volume of sales to small volume end users, by month.
- (4) The total volume of sales to large volume end users, by month.
- (5) The revenue collected from small volume end users for competitive natural gas services, excluding any revenue collected from end users on behalf of utilities.
- (6) The revenue collected from large volume end users for competitive natural gas services, excluding any revenue collected from end users on behalf of utilities.
- (7) The date the applicant began providing service in Iowa.

d. Each CNGP shall provide to the board on a monthly basis the rates shown on the monthly bill required in 19.14(6) “b” for each customer pricing group.

19.14(6) *Additional conditions applicable to CNGPs providing service to small volume end users.* All CNGPs when providing service to small volume natural gas end users shall be subject to the following conditions in addition to those listed under subrule 19.14(5):

a. Customer deposits. Compliance with the following provisions shall apply to customers whose usage does not exceed 2500 therms in any month or 10,000 therms in any consecutive 12-month period.

- Customer deposits – subrule 19.4(2)
- Interest on customer deposits – subrule 19.4(3)
- Customer deposit records – subrule 19.4(4)
- Customer’s receipt for a deposit – subrule 19.4(5)
- Deposit refund – subrule 19.4(6)
- Unclaimed deposits – subrule 19.4(7)

b. Bills to end users. A CNGP shall include on bills to end users all the information listed in this paragraph. The bill may be sent to the customer electronically at the customer’s option.

- (1) The period of time for which the billing is applicable.
- (2) The amount owed for current service, including an itemization of all charges.
- (3) Any past-due amount owed.
- (4) The last date for timely payment.
- (5) The amount of penalty for any late payment.
- (6) The location for or method of remitting payment.

(7) A toll-free telephone number for the end user to call for information and to make complaints regarding the CNGP.

(8) A toll-free telephone number for the end user to contact the CNGP in the event of an emergency.

(9) A toll-free telephone number for the end user to notify the public utility of an emergency regarding delivery service.

(10) The tariffed transportation charges and supplier refunds, where a combined bill is provided to the customer.

c. Disclosure. Each prospective end user must receive in writing, prior to initiation of service, all terms and conditions of service and all rights and responsibilities of the end user associated with the offered service. The information required by this paragraph may be provided electronically, at the customer's option.

d. Notice of service termination. Notice must be provided to the end user and the public utility at least 12 calendar days prior to service termination. If the notice of service termination is rescinded, the CNGP must notify the public utility. CNGPs are prohibited from physically disconnecting the end user or threatening physical disconnection for any reason.

e. Transfer of accounts. CNGPs are prohibited from transferring the account of any end user to another supplier except with the consent of the end user. This provision does not preclude a CNGP from transferring all or a portion of its accounts pursuant to a sale or transfer of all or a substantial portion of a CNGP's business in Iowa, provided that the transfer satisfies all of the following conditions:

(1) The transferee will serve the affected end users through a certified CNGP;

(2) The transferee will honor the transferor's contracts with the affected end users;

(3) The transferor provides written notice of the transfer to each affected end user prior to the transfer;

(4) Any affected end user is given 30 days to change supplier without penalty; and

(5) The transferor provides notice to the public utility of the effective date of the transfer.

f. Bond requirement. The board may require the applicant to file a bond or other demonstration of its financial capability to satisfy claims and expenses that can reasonably be anticipated to occur as part of operations under its certificate, including the failure to honor contractual commitments. The adequacy of the bond or demonstration shall be determined by the board and reviewed by the board from time to time. In determining the adequacy of the bond or demonstration, the board shall consider the extent of the services to be offered, the size of the provider, and the size of the load to be served, with the objective of ensuring that the board's financial requirements do not create unreasonable barriers to market entry.

g. Replacement cost for supply failure. Each individual rate-regulated public utility shall file for the board's review tariffs establishing replacement cost for supply failure. Replacement cost revenue will be credited to the rate-regulated public utility's system purchased gas adjustment.

199—19.15(476) Customer contribution fund.

19.15(1) Applicability and purpose. This rule applies to each gas public utility, as defined in Iowa Code sections 476.1 and 476.1B. Each utility shall develop a program plan to assist the utility's low-income customers with weatherization and to supplement assistance received under the federal low-income heating energy assistance program for the payment of winter heating bills. The program shall be implemented on or before March 1, 1989.

19.15(2) Program plan. On or before February 1, 1988, each utility shall file with the utilities board a detailed description of its program plan. At a minimum, the plan shall include the following information:

a. A list of the members of the board or committee established to determine the appropriate distribution of the funds collected. The list shall include the organization each member represents;

b. A sample of the customer notification with a description of the method and frequency of its distribution;

- c. A sample of the authorization form provided to customers;
- d. The anticipated date of implementation.

Program plans for new customer contribution funds shall be rejected if not in compliance with this rule. Program plans for existing customer contribution funds existing prior to July 1, 1988, and determined by the board not to be in compliance with this rule shall be allowed until July 1, 1989, to comply, during which time such programs shall continue to operate.

19.15(3) Notification. Each utility shall notify all customers of the fund at least twice a year. The method of notice which will ensure the most comprehensive notification to the utility's customers shall be employed. Upon commencement of service and at least once a year, the notice shall be mailed or personally delivered to all customers. The other required notice may be published in a local newspaper(s) of general circulation within the utility's service territory. A utility serving fewer than 6,000 customers may publish their semiannual notices locally in a free newspaper, utility newsletter or shop-keeper's guide instead of a newspaper. At a minimum the notice shall include:

- a. A description of the availability and the purpose of the fund;
- b. A customer authorization form. This form shall include a monthly billing option and any other methods of contribution.

19.15(4) Methods of contribution. The utility shall provide for contributions as monthly pledges, as well as one-time or periodic contributions. Each utility may allow persons or organizations to contribute matching funds.

19.15(5) Annual report. On or before September 30 of each year, each utility shall file with the board a report of all the customer contribution fund activity for the previous fiscal year beginning July 1 and ending June 30. The report shall be in a form provided by the board and shall contain an accounting of the total revenues collected and all distributions of the fund. The utility shall report all utility expenses directly related to the customer contribution fund.

19.15(6) Binding effect. A pledge by a customer or other party shall not be construed to be a binding contract between the utility and the pledgor. The pledge amount shall not be subject to delayed payment charges by the utility.

199—19.16(476) Reserve margin.

19.16(1) Applicability. All rate-regulated gas utility companies may maintain a reserve of natural gas in excess of their historic peaks and recover the cost of the reserve from their customers through the purchased gas adjustment.

19.16(2) Definitions.

a. *Gas available to meet demand.* All firm gas contracted for by a utility, excluding the delivery-capacity of liquefied natural gas and propane storage facilities, shall be considered as gas available to meet demand.

b. *Contract demand.* The amount of firm gas a utility is entitled to take on a daily basis, pursuant to contract.

c. *Base period demand.* The maximum peak of the previous seven heating seasons (12-month period ending June 30) shall form the base period demand to establish a utility's maximum peak demand.

19.16(3) Contract demand levels of less than 25,000 Mcf per day. A reserve margin of 9 percent or less in excess of the base period demand will be presumed reasonable.

19.16(4) Contract demand levels of more than 25,000 Mcf per day. A reserve margin of 5 percent or less in excess of the base period demand will be presumed reasonable.

19.16(5) Rebuttable presumption. All gas available to meet demand in excess of an amount needed to meet the base period demand plus the reserve is presumed to be unjust and unreasonable unless a factual showing to the contrary is made during the annual review of gas proceeding. All gas available to meet demand less than an amount of base period demand plus the reserve is presumed to be just and reasonable unless a factual showing to the contrary can be made during the annual review of gas proceeding.

19.16(6) Allocation of cost of the reserve. Fifty percent of the reserve cost shall be collected as a demand charge allocation to noncontractual firm customers. The remaining 50 percent shall be collected as a throughput charge on customers excluding transportation customers who have elected no system supply reserve.

These rules are intended to implement 42 U.S.C.A. 8372, 10 CFR, 516.30, and Iowa Code sections 476.1, 476.2, 476.6, 476.8, 476.20, 476.54, 476.66, 476.86, 476.87 and 546.7.

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